

November 28, 2001

**VIA HAND DELIVERY**

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, Massachusetts 02110

RE: Western Massachusetts Electric Company, 2002 Rate Change Filing, D.T.E. 01-101

Dear Secretary Cottrell:

Pursuant to 220 CMR 5.00 *et seq.*, Western Massachusetts Electric Company (“WMECO” or the “Company”) hereby requests that the Department of Telecommunications and Energy (“Department”) approve the following changes to WMECO’s rate tariffs effective January 1, 2002 for consumption on and after that date. Pursuant to 220 CMR 5.03, this is WMECO’s Letter of Explanation. A filing fee of \$355 is enclosed which includes a \$100 application fee and \$15 per proposed tariff.

In summary, WMECO proposes to change its rates to implement the statutorily-allowed inflation to its price caps, the statutorily-mandated reductions to the conservation and renewable charges, a reduced Standard Offer Service (“SOS”) charge, changes in the transmission charge, and an increase to the transition charge. WMECO requests these adjustments at this time so that they can become effective on January 1, 2002. The net effect of these adjustments is to decrease WMECO’s non-contract, standard offer overall rates approximately 14 percent from current rate levels. These adjustments do not apply to contract customers.

The proposed net rate decrease consists of several adjustments. The first adjustment is a reduction for standard offer service related to WMECO’s supply costs for SOS. The Department approved WMECO’s 2002 SOS supply contract on October 16, 2001. Also, included as part of the SOS rate this year is a reconciliation of year 2000 SOS revenues and expenses. This adjustment was calculated pursuant to WMECO’s Standard Offer Service tariff, M.D.T.E. No. 1025D. The second adjustment reflects changes in the transmission

charge. These include costs and adjustments being reflected from the implementation of WMECO's Transmission Cost Adjustment tariff, M.D.T.E. No. 1028B. Lastly, there is the increase to WMECO's transition charge. Last year, as part of the mitigation of the higher SOS rate, WMECO lowered its transition charge to the lowest level possible, 0.535 cents per kilowatt-hour. Due primarily to the lower SOS charge, WMECO is raising its transition charge for 2002 to 1.357 cents per kilowatt-hour. When taken together, these adjustments result in the 14 percent decrease indicated above. WMECO believes that the decrease it is seeking is: (1) consistent with the Massachusetts Electric Utility Restructuring Act (Chapter 164 of the Acts of 1997); (2) consistent with WMECO's restructuring plan; and (3) conducive to promoting customer choice for WMECO's customers.

The enclosed filing provides background on WMECO's restructuring plan and explains WMECO's rate proposal and rationale. Also enclosed are the supporting calculations that implement the above-described changes to the Company's rates.

- Attachment 1: Proposed rates effective January 1, 2002.
- Attachment 2: Redlined version of the Company's proposed rates.
- Attachment 3: Inflation calculation.
- Attachment 4: Comparison of pre-discount vs. proposed rates.
- Attachment 5: Comparison of current rates to proposed rates.
- Attachment 6: Bill comparisons for Standard Offer Service.
- Attachment 7: Bill comparisons for Default Service.
- Attachment 8: Revenue summary and workpapers by rate and functional category.
- Attachment 9: 2002 Standard Offer Service rate calculation.
- Attachment 10: Retail transmission tracker.

Please contact Richard Soderman at (860)665-3568 or Don Bishop at (617)345-4622 should you have any questions in regard to this filing.

Very truly yours,

Lisa J. Thibdaue  
Vice President,  
Rates, Regulatory Affairs & Compliance

Enclosures

Mary L. Cottrell, Secretary

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cc: Kevin Brannelly, Director of Rates and Revenue Requirements

Joseph Rogers, Assistant Attorney General

David O'Connor, Commissioner, Division of Energy Resources

D.T.E. 97-120 Service List